

PUBLIC EMPLOYEES' RETIREMENT BOARD
100 N Park
Helena MT 59620

Board Legislative Committee Minutes
Tuesday February 27, 2007
1:30 PM

Committee Members: Robert Griffith and Troy McGee and John Paull by phone.

Staff: Roxanne Minnehan, Melanie Symons, and Barbara Quinn, MPERA.

Other Attendees: Terrence Smith Board Member by phone
Stephen Kologi, AMPRE.

Public Comment – *No public comment.*

Approval of Committee Minutes from meeting of Tuesday, February 20, 2007.
Mr. Bob Griffith made a motion to approve the minutes. Mr. McGee seconded the motion. Minutes approved.

Executive Director's Report

No change on Board Bills HB 159, HB 125, HB 129, or the Governor's Bill HB 131.

Bill Review

HB13 – Pay Plan for state employees. Second reading passed as amended. As of February 21st, this bill has transferred from the House to the Senate by a vote of 79-15.

HB67 – Clarify poll of Legislature for administrative rules. PERB is tracking. This bill has passed out of the House and into the Senate. The hearing is scheduled for March 9th in the Senate State Administration.

HB97 – Revise procedure for review of administrative rules. Passed second reading 99-1. This bill was referred to the House Appropriations Committee. As of February 24th, this bill has transferred from the House to the Senate by a vote of 89-9.

HB442 – Legislative review of fiscal note accuracy. The bill passed the House 89-11. As of February 26th, this bill has transferred from the House to the Senate.

HB544 – Allow for withholding of dues from retirement pensions. This bill was first heard on February 13th. The Board opposed this bill. The bill was amended to only affect the Highway Patrol Officers' and the Municipal Police Officers' Retirement Systems. As of February 27th, the bill passed the House 85-14. Rep Jacobson talked about a precedent

being set because state payroll takes several types of deductions from employee checks. A question was asked whether we could charge the organizations for this service.

HB559 – Increase exclusion of retirement benefits on state income tax from \$3600 to \$5400. This bill passed the House by a unanimous vote. This bill will only help a few of the lower paid retirement benefits.

HB618 – Establish statewide account for employee termination costs. PERB is tracking this bill. The bill passed the House on February 26th by a vote of 91-9. The bill has transferred from the House to the Senate.

HB670 – Retirement systems reports on actuarial costs and other items. This bill was heard in Committee on February 19th. Ms. Minnehan met with Rep. Himmelberger to discuss the bill. This bill was tabled February 23rd.

HB761 – Creditable retirement service for deployed teachers. This bill was heard on February 23rd. PERA is tracking. This bill passed second hearing February 27th with a vote of 62-37.

HB765 – Revise retirement laws. The purpose of this bill is to provide certain persons that are serving in the Montana legislature to revoke an irrevocable election. The Board opposed this bill for adverse selection and special interest for a select few individuals. The bill passed the House 85-14 and has transferred to the Senate as of February 27th. Staff has discussed this bill with Dave Senn, TRS Executive Director. He states the election for legislation is meant to bridge their service.

HB771 – Revise actuarial valuations and reporting for retirement systems. The bill appears to be asking for information that is already being provided. It does propose annual actuarial evaluations but allows the extra expense to be excluded from the Board's budget cap. PERA is informational at this time. The bill passed the House 93-3 and has transferred to the Senate as of February 27th.

HB792 – Index postretirement GABA for future PERS and TRS members. Committee hearing was February 23, 2007. Rep. Himmelberger is the sponsor of this bill. Senator Balyeat is the requestor. This would make the GABA ad-hoc with a possible increase to benefits of 0-1.5%. This bill is sitting. They can add an appropriation later so it doesn't have to meet the general bills transmittal deadline. The Board opposes this bill.

SB11 – PERS exemption for legislative session staff (to extend legislative time from 6 months to 10 months). The PERB is neutral and informational. This bill is assigned to the Senate State Administration Committee. This bill was amended at our request during hearing to correct the election filing to match the extension. This bill has passed the Senate 49-0 and has moved to the House. The House State Administration Committee hearing is scheduled for March 6th.

SB47 – Clarify sponsor notification for administrative rules. PERB is neutral. This bill is in the Senate State Administration Committee. The bill passed the Senate 49-0. The House State Administration Committee hearing is scheduled for March 6th.

SB63 – Increase payment to quasi-judicial board members. This bill passed as amended. Other boards will be added to this bill. The bill has transferred February 22nd from the Senate to the House by a vote of 47-3.

SB68 – Clarify confidential information for private equity funds for the BOI. PERB is tracking. This bill has been referred to Senate Finance and Claims. The BOI supports this bill. The bill passed the Senate February 22nd by a vote of 45-5.

SB113 – Increases meal reimbursement rates for state employees. The bill passed the Senate February 23rd and has transferred to the House by a vote of 43-6.

SB168 – Transfer public employee accrued leave into post-retirement health care account. The bill has passed the Senate February 23rd and has transferred to the House by a vote of 49-0.

SB247 – Revise a minimum benefit in the highway patrol retirement system. This bill was tabled February 19th.

SB352 – Exempt 3rd class cites from firefighter age restrictions. This bill is sponsored by Sen. Gary Perry. The bill would amend the age restriction for firefighters in 3rd class cites. Disability rates will increase if the age restriction is limited. Also, to join the FURS the city would only have to pass an ordinance. The Firefighters group, as well as the Board, opposed this bill at the hearing. On February 27th, the bill passed the Senate 25-24.

SB467 – Revise membership and meetings of board of investments. This bill will be heard on February 21st. The bill would allow BOI to keep five voting members and add two non-voting members: the Executive Directors from MPERA and Teachers. The Board believes this is a good idea and will monitor. The bill was amended to remove the proposed decrease in number of Board members. The proposal was also amended to replace the retirement board' executive directors with a Senator and a Representative. The bill passed the Senate 50-0 and has been transferred to the House as of February 27th.

SB468 – Move certain investment programs from Board of Investments to Dept. of Commerce. This bill was tabled on February 22nd.

SB489 - Allow Public Funds to Invest in Private Corporate Capital Stock. This bill was heard on February 27th. There is no record of the vote at this time.

SB532 – Revise firefighter's retirement laws. This bill was heard on February 23rd. There are four major points to this bill.

- 1) Overtime payments in the definition of compensation. This opens the door for spiking final compensation – Board opposes
- 2) Authorizing participation in the retirement system by certain fire departments – Board supports
- 3) Authorizing return to service for a limited number of hours without loss of benefits. There would be loss of contributions on new employees – Board opposes
- 4) Providing a deferred retirement option plan. MPORS DROP was not cost neutral – Board Opposes

During the hearing it was agreed to amend out DROP and overtime hours in compensation and decrease working retiree hours to 480. The Board approves as amended. The bill passed out of Committee 10-1.

Un-introduced Legislation

LC0991 – Revise post retirement benefit increases for statewide police retirement system. The draft went to review on February 27th.

LC1966 – Revise pension plans for all new hires. This would implement a DC plan for all hire hires. Draft went to review on February 26th.

Funding Bills

There was a brief discussion regarding what compromises the Board might make if all proposed funding bills are combined to one. Mr. McGee stated our bill is the only bill we should accept. The Board would not support any other bills but may make recommendations to other versions. Retirement bills will be addressed in the last days.

Other Business

There being nothing else to come before the committee, Mr. Griffith, Chair, adjourned the meeting at 2:40 pm.